
DMH Stallard's corporate team at the Insider SE Awards

Abigail Owen of DMH Stallard: Driving the UK M&A Market

South-East Leading Lawyer and Partner at DMH Stallard, Abigail Owen, talks to SBT about the outlook for merger and acquisition activity in the UK and in the Sussex region

Cover Feature

Abigail Owen, Partner at DMH Stallard, was voted 'Corporate Finance Lawyer of the Year' two years running and with the DMH Stallard corporate team winning the 2016 Corporate Law Firm of the Year, she is one of the key players on the South-East Corporate Finance scene, completing more than 100 transactions. Being a woman in a man's world is never easy, but Abigail has not seen this as a barrier, believing that good communication and common sense advice with a pragmatic view will always get the deal done.

2015 was a great year for mergers and acquisitions, and being based between DMH Stallard's Crawley, London and Brighton offices has enabled Abigail to get a great overview of what is going on in the region and particularly Sussex. The start of 2016 saw a slowdown, although personally her workload did not drop. SBT asked Abigail how she saw the current marketplace and what the outlook was post the referendum.

Do you see any difference in how deals will be funded post-Brexit?
We continue to see deals funded by companies with cash reserves and resources and by the backing of high-net worth individuals. We have noticed an increase in the use of funding from banks, who are trying to come back into the market and by invoice discount or alternative funding providers. All investors and funders will be more cautious, but do we think that the fundamentals will change? The answer is 'no'. What nobody likes is uncertainty and unfortunately, the process we now find ourselves in will be very uncertain for sometime to come. We still expect sensible good deals to be funded and to proceed.

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How are you seeing buyers approach transactions?
Businesses want and need to continue to grow and carry on business. Brexit has put a different complexion on this, but it hasn't changed those objectives. The recessionary days of people sitting on their hands and not wanting to do anything with their business are long passed. There will be a level of caution by buyers looking at businesses, which means that due diligence will be a key element to any transaction. Buyers will be going into a transaction with their eyes wide open and will want to know precisely what it is that they are buying. As a seller, due diligence can be very disruptive and distracting to the business, right at the point when a seller needs to focus on the business and the numbers. You can never under-estimate the value of getting your company in good order prior to commencing any transaction, and we have seen this with the transactions over the last 6 months; those that had prepared themselves ready for a transaction resulted in the deal proceeding more smoothly with least price chipping! This will be the same post Brexit as it was before.

Are you seeing deals being structured in any particular way?
Over the last 6 months, we have seen transactions structured in a multitude of ways. We are finding that parties are being flexible, looking at the end result and how to get there in a way that works for all where able. We have seen deals structured in the 'standard' share sale manner, as well as the purchase of certain business & assets, commonly where it is only part of or a division of a business that is being sold. We are also seeing an increasing number of buy-back of shares, as a means of enabling certain business owners to capitalise on their hard work and exit from the business, whilst the other owners stay with the business. Coupled with this is the increased availability of bank and institutional funding options. All of this makes for an active market. In 2008 bank finance dried up. This isn't the case now and if anything, the Bank of England are making sure that there is enough cash around to ensure that there is no repeat of 2008.


Abigail Owen, Partner at DMH Stallard

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What advice have you got for people looking to sell their businesses over the next 12 months?
Most importantly, it is never too early to start planning, particularly with regards to the advisers you are going to use. This doesn't just cover legal, but also tax, accounting and corporate finance advice. You should not be rushed into any transaction and so the earlier you get your house in order, the more smoothly it will run and the better you will be prepared. Transactions tend to be of two types, either instigated by the owner who wants to exit or by a third party who makes the owner an offer they cannot refuse! There is an old saying that having your business fit for sale makes either of these straight-forward, whichever stimulates a transaction. Brexit will add another page to every seller's and buyer's checklist and you need to be prepared for those questions. Good business people know this and will allow for it.

We understand that values have been increasing in the market place. What are you seeing at DMH Stallard?
Prices have certainly increased over the last 24 months and the market was, until the referendum, pretty firm. What we are seeing is that initial higher prices being offered and accepted are now under pressure during the due diligence period, and if anything, values have softened slightly in the last 3 to 6 months. Your advisers should be helping manage not only value expectations but also attempted price reductions. There must be an expectation that for some businesses the current uncertainty will hit the value but for others e.g. where earnings are not in sterling, it will increase value. Again, by keeping control of the process and understanding your options, you will be able to maximise value.

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